

The role of market mechanisms in an evolving international climate regime

CDM briefing/presentation

Durban, 9 December 2011



To understand the treatment of this issue
in the UNFCCC negotiations

To understand the nature of the policy response:

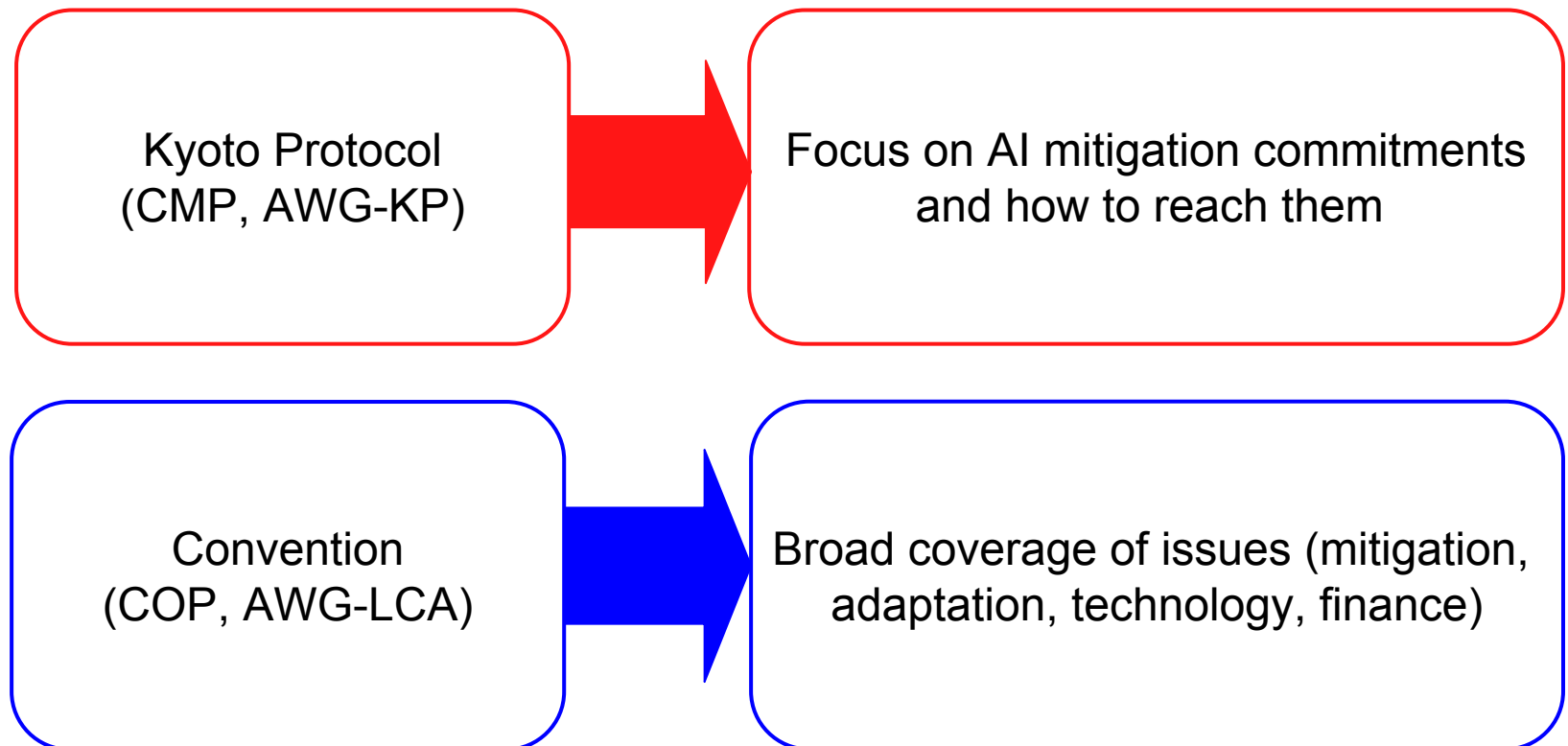
Improve existing mechanisms

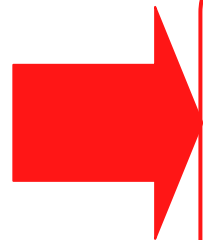
Develop new mechanisms?

Recognize non-UN mechanisms?

To reflect on possible scenarios for moving forward
and the role of market mechanisms within them



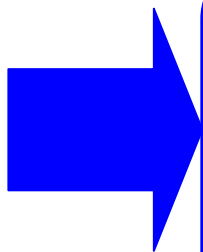




Opportunities to improve the existing mechanisms

Opportunities to scale up the existing mechanisms

Clarification of the continuity of the existing mechanisms

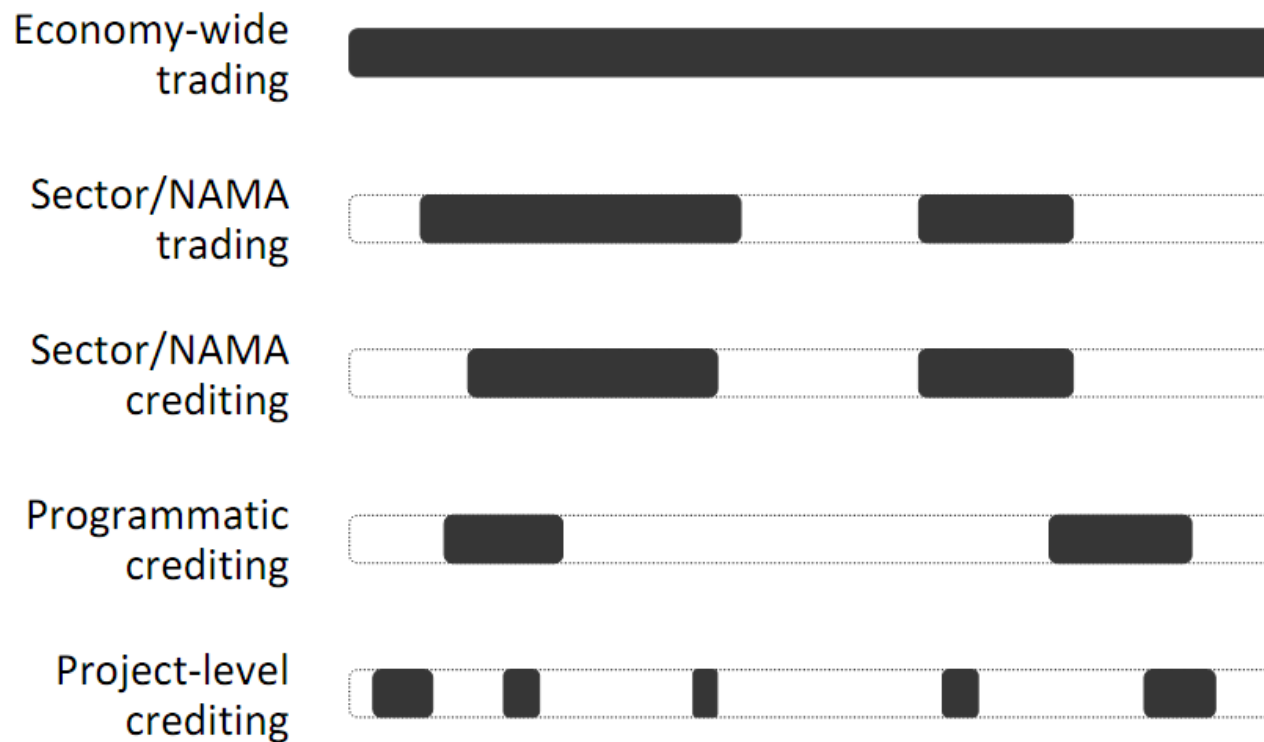


“Various approaches” to enhance the cost-effectiveness of,
and to promote, mitigation actions

Mechanisms serve broader purposes of meeting
mitigation (and finance?) targets



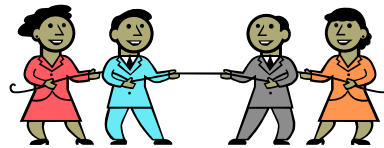
- Frustration with the CDM (as it was in 2007)
- Desire to scale up



- Strategic improvements to the CDM
 - a) Streamlined project registration and issuance procedures
 - b) Strengthened DOE performance
 - c) Standardized baselines
 - d) Appeals process on projects
- Recalibration of secretariat support
 - a) Unit dedicated to organization and stakeholder development
 - b) Better staff training, resourcing, business processes
- Stronger resourcing for programmatic CDM

- Consideration of new mechanisms

From 2009 to 2011 ...



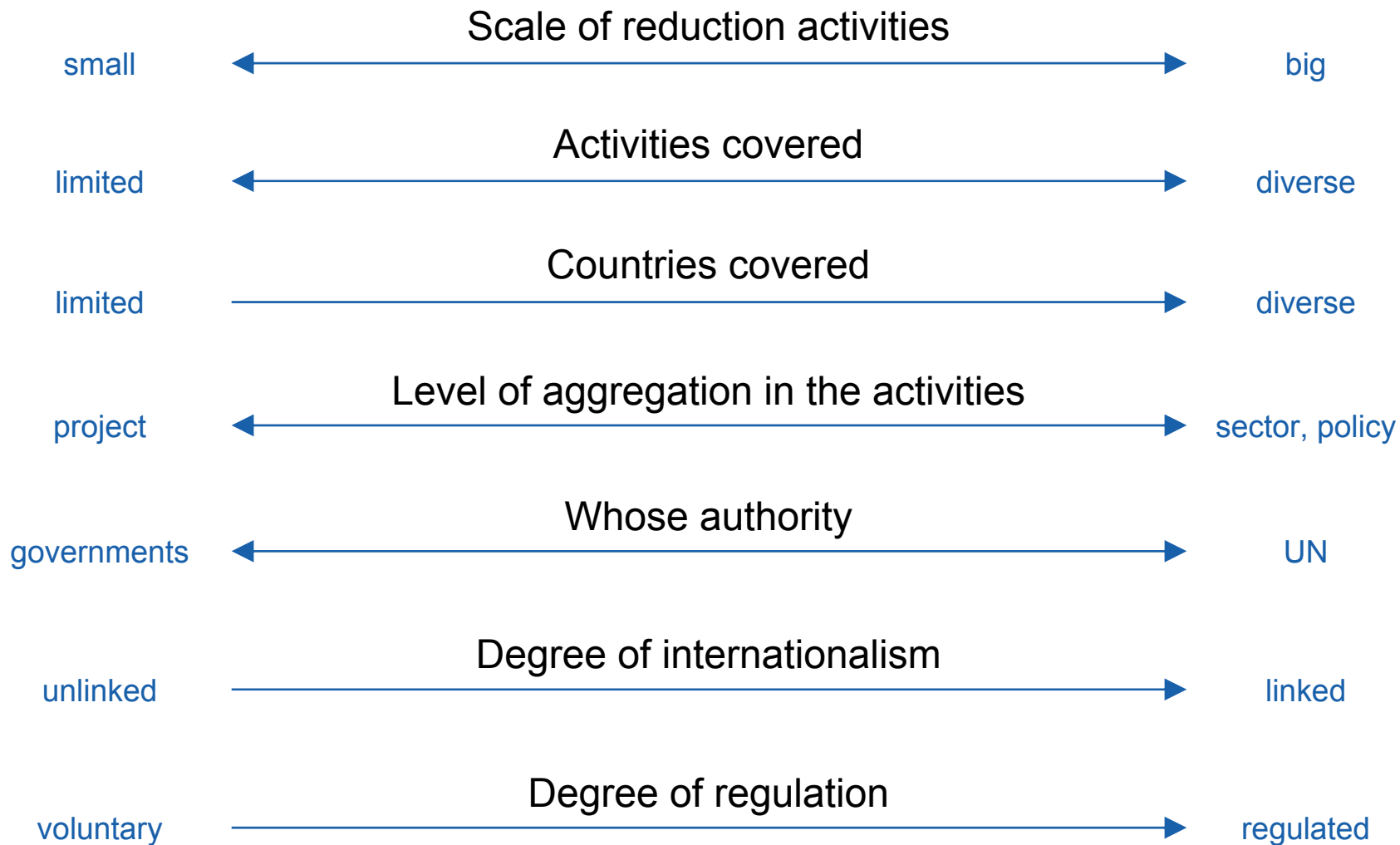
- Many Parties are supportive of need to scale up the role of market mechanisms
- Some require conditions to be met:
 - a) Adoption of post-2012 commitments
 - b) Ambition of mitigation commitments
- Other concerns
 - a) Environmental integrity
 - b) Domestic (in)action?
 - c) Offsetting



- Cancun set out guidance for new mechanisms:
 - Voluntary participation, fair and equitable access
 - Complement other means of support
 - Broad segments of the economy
 - Environmental integrity
 - Net decrease and/or avoidance of emissions
 - Assist developed countries in meeting mitigation targets
 - Good governance and robust market functioning
- Undertake to maintain and build on existing mechanisms

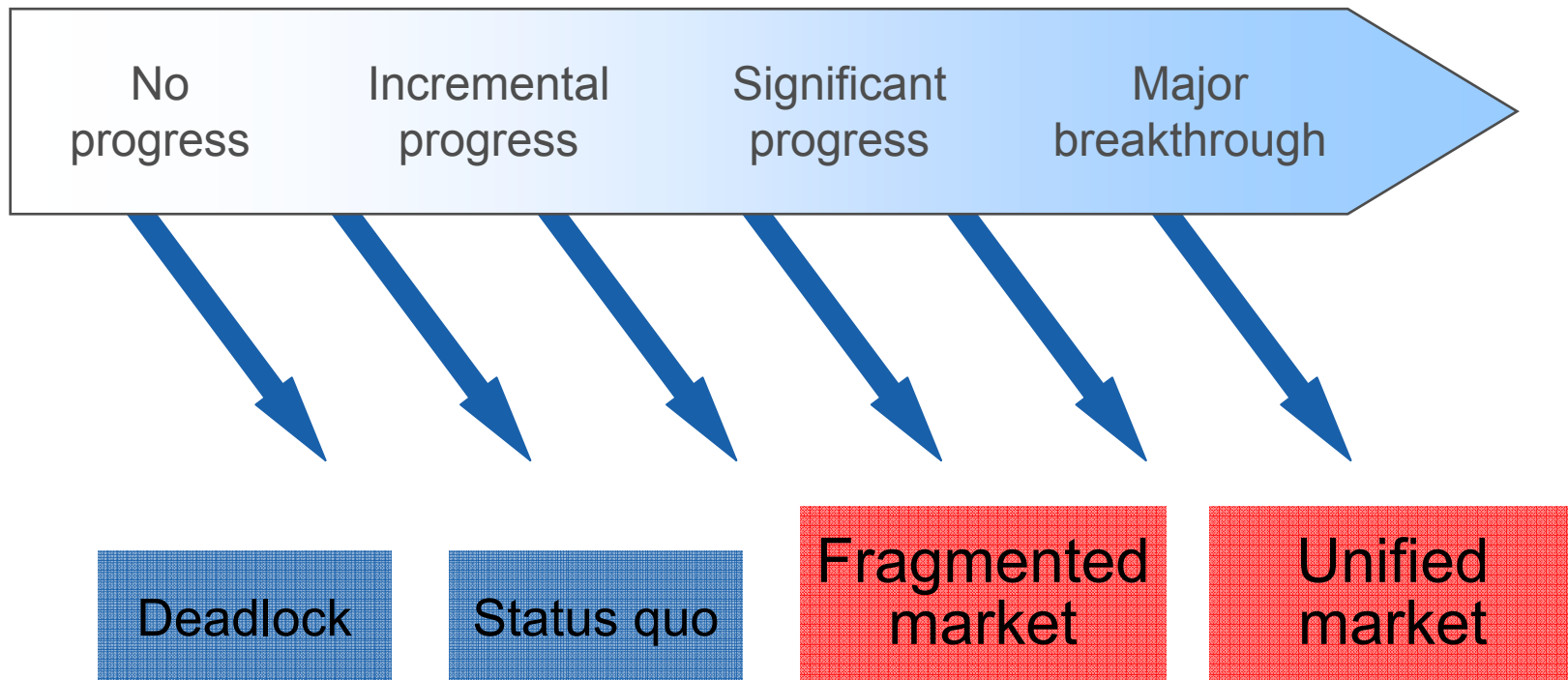


Dimensions of possible scenarios



- ‘Top-down’ mechanisms:
 - Operationalized at the UNFCCC level
 - Standardized modalities and procedures
- ‘Bottom-up’ mechanisms:
 - Operationalized at the domestic level
 - Common set of rules, methodologies?
 - System for mutual recognition of units





Thank you!

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